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**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

**Telecommunications Division  
Public Program Branch**

**RESOLUTION T-16747  
Date: June 5, 2003**

**R E S O L U T I O N**

RESOLUTION NO. T-16747. TO ESTABLISH THE DEAF AND DISABLED TELECOMMUNICATIONS EQUIPMENT AND SERVICE PROGRAMS (PUBLIC UTILITIES CODE SECTION 2881, ET SEQ.) 2003-2004 BUDGET PURSUANT TO DECISION NO. 89-05-060.

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**SUMMARY**

This resolution recommends an annual budget of \$56,302,982 for the Deaf and Disabled Telecommunications Equipment and Service Programs (DDTP), pursuant to Public Utilities (PU) Code Section 2881, et seq. for Fiscal Year (FY) 2003-2004. During 2002-2003, the surcharges remitted to the DEAF Trust exceeded expenditures due to an unanticipated increase in the telecommunications billing base. This resolution thus recommends that the surcharge be decreased from its current rate of 0.30% to 0.03% beginning on July 1, 2003.

The 2003-2004 budget is the first budget cycle in which the provisions of Senate Bill (SB) 669 (1999) and Assembly Bill (AB) 1734 (2002) are fully implemented. The 2003-2004 budget year is the first of two transition years for the DDTP as was approved by the Commission in Resolution T-16703. Beginning on July 1, 2003, the DDTP will be administered by the Commission; the newly formed Telecommunications Access for the Deaf and Disabled Administrative Committee (TADDAC) will provide advice and recommendations to the Commission. July 1, 2003 also marks the first day that the DDTP will be operated and managed by a state contractor. In Draft Resolution T-16740, the Telecommunications Division (TD) recommended that the Commission and the Department of General Services (DGS) approve a contract with the California Communications Access Foundation (CCAF) to provide the services of the DDTP.

Because of the successes in the 2002-2003 marketing campaigns, TD recommends increased efforts in marketing and outreach during the 2003-2004 budget cycle to include a campaign to educate Californians on the newly structured California Relay Service (CRS) to be implemented in early 2004. Although the DDTP has experienced increases in the number of consumers using specialized equipment due to the increased

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marketing efforts in 2002-2003, the increase in users has not corresponded with an increase in equipment expenses. Hence, TD recommends maintaining approximately the same equipment expenses for the 2003-2004 budget as those in 2002-2003 budget.

**BACKGROUND**

The Commission established the DDTP to implement three legislative mandates: PU Code Section 2881(a) authorizes the provision of TTYs to deaf or hard of hearing individuals; PU Code Section 2881(c) authorizes the provision of other specialized telecommunications equipment to consumers with hearing, vision, mobility, speech, and cognitive disabilities; and PU Code Section 2881(b) uses third-party intervention (also known as the California Relay Service (CRS)) to connect consumers who are deaf or hearing impaired with hearing parties. The DDTP is currently managed by an external staff acting as agents of the Commission. An administrative committee, the DDTP Administrative Committee (AC), administers the DDTP and oversees its finances. Two advisory committees, the Equipment Program Advisory Committee (EPAC) and the CRS Advisory Committee (CRSAC), advise the DDTPAC on the equipment and relay service programs.

SB 669, signed by Governor Gray Davis in 1999, changes the current operations of the Commission's public programs in two ways: 1) it transfers the funds for the programs from a bank trust fund to the State Treasury and 2) it changes the duties of the administrative committees to those of advisory boards. The Commission successfully implemented the requirements of SB 669 by October 1, 2001 for the California High Cost Fund-A, California High Cost Fund-B, California Teleconnect Fund, and Universal Lifeline Telephone Services programs.

Because of the size of the DDTP and the complexities involved, the Commission sought an extension of the original deadline for the transfer of the DDTP funds. AB 1734, signed into law in June 2002, 1) authorizes the Commission to contract for the DDTP services, 2) provides for an extension of the deadline from July 1, 2002 to July 1, 2003, 3) creates, on July 1, 2003, the Telecommunications Access for the Deaf and Disabled Administrative Committee (TADDAC), formerly the DDTPAC, as an advisory board to the Commission, and 4) requires the current DDTPAC to provide a report to the Commission recommending a transition plan.

On October 1, 2003, the DDTPAC provided a transition plan to the Commission. The Commission responded by holding a day-long workshop that discussed both the DDTPAC's recommendations and the TD staff recommendations. The workshop provided the opportunity for public input and comment. As a result of the workshop, TD drafted a resolution with a recommended transition plan. On December 22, 2003, the Commission adopted Resolution T-16703 approving a transition plan which included the release of an Invitation For Bid to operate and manage the programs and

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services of the DDTP. On April 8, 2003, TD released Resolution T-16740 for public comment which recommends that the contract to operate and manage the DDTP be awarded to the California Communications Access Foundation (CCAF).

**DISCUSSION**

Revenues

For the 2003-2004 budget, TD estimates a billing base of \$19.845 billion. Because of a higher than anticipated billing base in 2002-2003 resulting in higher than anticipated surcharges remitted, TD recommends a revised surcharge rate decreased from 0.30 % to 0.03 % beginning on July 1, 2003. DDTP funds are scheduled to be transferred to the DDTP Administrative Committee Fund in the State Treasury on July 1, 2003<sup>1</sup>. The State of California provides interest on accounts in the State Treasury. TD estimates that the interest on the DDTP funds in 2003-2004 will equal approximately \$570,000. TD estimates total revenues of \$16.03 million in 2003-2004.

2003-2004 DDTP Budget Changes

TD anticipates several program changes affecting the 2003-2004 budget cycle: 1) the DDTP will be managed and operated by an independent state contractor, 2) the DDTP will implement a new CRS structure in early 2004, and 3) a seventh walk-in center, approved in Resolution T-16627, will become operational in July 2003.

Draft Resolution T-16740, released for public comment on April 8, 2003, recommended that the Commission award the contract to provide the personnel to operate and manage the DDTP to the California Communications Access Foundation (CCAF) for a two-year period at a cost not to exceed \$6,844,800 per year. The contract includes a provision for a 25 percent advance payment to be provided on June 16, 2003 and June 16, 2004. The 25 percent advance payment per year is subtracted from the annual contract estimate. The cost of the contract for the 2003-2004 budget shall not exceed \$6,844,800. TD has allocated this amount throughout the budget categories in lieu of former personnel costs. The estimate allocated for each category will be included in the individual budget categories discussed later in this resolution.

A draft Resolution is expected to be released for public comment recommending that the Commission authorize the Commission's Executive Director to award six contracts to provide the CRS at a total cost of approximately \$146 million for five and one-half years. These six contracts represent a new CRS structure whereby CRS is provided by

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<sup>1</sup> Public Utilities Code Section 270.1(g) and 278.(b) require that, on July 1, 2003, funds in the Deaf Equipment Acquisition Fund (DEAF) Trust transfer to the Controller for deposit in the Deaf and Disabled Telecommunications Program Administrative Committee Fund in the State Treasury.

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three types of providers: 1) one network services provider which provides the inbound and outbound network transport and consumer billing, 2) four call center services providers which provide the relay services including Speech-to-Speech (STS), video relay service and web chat relay service, and 3) one network management services provider which provides the routing of 7-1-1 and DDTP 800 calls as well as auditing and reporting performance costs of the other CRS contractors.

TD anticipates that the new CRS structure will not be fully implemented until early 2004. The current CRS structure will remain in place for part of the 2003-2004 budget cycle. The new CRS structure will then be operational for the remainder of the 2003-2004 budget cycle. Estimates for the 2003-2004 budget costs of these items are discussed in the Telecom Expenses section of this resolution.

The third program change impacting the 2003-2004 budget is the opening of a seventh walk-in center in Burbank. The opening of this walk-in center marks the completion of the centralization of the DDTP<sup>2</sup>, a project which began in 1999. The Burbank walk-in center will replace the former Studio City walk-in center operated by the former Pacific Bell Telephone Company<sup>3</sup> prior to the centralization of the DDTP. The Studio City walk-in center served almost 7,000 customers annually, second only to the Pacific Bell Sacramento walk-in center. Given this information and the fact that Sacramento served 2,823 customers in the year 2002, TD estimates that the Burbank walk-in center will serve approximately 3,000 customers during the 2003-2004 budget year. Budget estimates for the Burbank walk-in center are discussed in the Field Operations category.

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<sup>2</sup> To reflect the emergence of a competitive local carrier market and the requirement that these carriers provide qualified customers equipment under the DDTP program, the Commission directed the DDTPAC to centralize its equipment procurement and distribution program. In April 1997, the Commission adopted Resolution T-16017 authorizing the DDTPAC to engage consultants to assist in the development and implementation of a centralized DDTP program to assume these former utility functions.

<sup>3</sup> Pacific Bell Telephone Company changed its name to SBC in 2002.

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Telecom Expenses

SB 597—P.U. Code Section 2881(a)

Telecommunication Devices for the Deaf and Hearing-Impaired

TD reviewed the SB 597 equipment purchases budget allocations and actual expenses over the past three budget cycles. The 2001 budget allocated \$1.406 million for equipment purchases. Actual 2001 equipment purchases for SB 597 equaled approximately \$1 million. The Commission approved \$800,000 for equipment purchases in the January through June 2002 budget. Actual SB 597 purchases for the January through June 2002 budget were 17 percent below budget. Consistent with the prior two budget cycles, the July 2002 through February 2003 SB 597 equipment purchases were 49 percent below budget despite increases in new DDTP customers and equipment in service.

TD reviewed the monthly SB 597 equipment purchases since July 2002. Actual equipment purchases have been under budget (year-to-date) for the past eight months as shown on the following table:

Actual SB 597 Equipment Purchases in 2002-2003							
July 2002	August 2002	September 2002	October 2002	November 2002	December 2002	January 2003	February 2003
\$0	\$47,718	\$221,398	\$15,866	\$113,298	\$11,026	\$135,120	\$29,442
-100%	-83%	-35%	-48%	-43%	-51%	-45%	-49%

At the current trend, TD estimates the 2003-2004 outlook for SB 597 equipment purchases to be approximately \$1,033,011, which includes \$150,000 for the purchase of induction coupler devices. This estimate is 40 percent under the budgeted amount of \$1,745,000 for the 2002-2003 budget. Conversely, TD anticipates that the recent DDTP marketing campaign and the July 2003 opening of the Burbank walk-in center will increase the need for more SB 597 equipment. TD recommends maintaining the current expenditure for SB 597 equipment purchases of \$1,745,000 for the 2003-2004 DDTP budget.

Based on historical trends, TD estimates an additional \$200,500 for tariffed services, maintenance and repairs, and small miscellaneous expenses for SB 597.

TD recommends total expenses of \$1,945,500 for SB 597 in the 2003-2004 budget.

SB 60—P.U. Code Section 2881(c)

Specialized Communication Equipment for the Disabled

TD reviewed the SB 60 equipment purchases budget allocations and actual expenses over the past three budget cycles. In the year 2001, the DDTP spent \$3.364 million

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for equipment purchases, approximately eight percent over budget. From January 2002 through June 2002, the DDTP spent \$2.498 million, approximately seven percent under budget. The Commission adopted \$5.989 million for SB 60 equipment purchases in the 2002-2003 budget. From July 2002 through February 2003, the DDTP incurred expenses of \$2.846 million, approximately 28 percent under budget.

As with equipment purchases in SB 597, the recent DDTP marketing campaign and the July opening of the Burbank walk-in center will create a need for increases in equipment purchases in SB 60. However, TD does not foresee an increase in SB 60 equipment units resulting in more than a 28% increase in spending. Therefore, TD recommends maintaining the same \$5,989,600 level budgeted in 2002-2003 for SB 60 equipment purchases in the 2003-2004 budget.

Based on historical trends, TD included an additional \$1.4 million for tariffed services, maintenance and repairs and smaller miscellaneous expenses for SB 60.

TD recommends total expenses of \$7,389,800 for SB 60 in the 2003-2004 budget.

SB 244—P.U. Code Section 2881(b)

The California Relay Service

The SB 244 program has three budget items: CRS, STS and remote server observing program. These will be addressed individually.

As discussed previously, the CRS will undergo a structural transition during the 2003-2004 budget year. It is anticipated that the transition will be fully implemented sometime in early 2004. Budget estimates will be based upon costs of the former and new CRS structure.

In the 2002-2003 DDTP budget resolution, TD noted a decline in CRS usage from 2000 to 2002. It was unclear at that time, and remains unclear, whether the decline is due to decreased marketing and outreach to users in 2001, increased internet usage or some other unknown cause. TD recommended maintaining 2000 expense levels until DDTP staff ascertains further information on this issue. In the 2002-2003 budget cycle, only two of the first eight months show the monthly billed minutes at or above the average monthly billed minutes of 1.523 million that the program experienced during the first six months of 2002. TD estimated expenses of \$27,194,600 for the CRS 2002-2003 budget. CRS expenses from July 2002 through February 2003 are under budget by 15 percent. TD estimates that for the 2003-2004 budget cycle, the old CRS structure will produce expenses of \$9,603,451.

The DDTP retained the services of the consulting firm of Hesse, Stobbe, and O'Sullivan (HSO) to oversee the procurement and implementation of the new CRS structure. HSO estimated the year-one expenses for the new CRS structure to be

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approximately \$30,194,469. Based on the HSO calculation, TD estimates expenses for the new CRS structure in the 2003-2004 budget will be approximately \$17,613,440. TD recommends a total of \$27,216,891 for CRS expenses in the 2003-2004 budget.

To a small degree, the DDTP continued to experience cases of fraudulent use of the STS program, leading to unreliable growth numbers. The current vendor, MCI Worldcom, agreed to cap monthly invoices at 15 percent above the costs for the same month during 2001. This, in addition to the decreased rate from \$2.70 per session minute to \$2.469 per conversation minute led to lower than anticipated expenditures for the 2002-2003 budget cycle. As of February 2003, expenditures for the STS program are under budget by over 55 percent. With the transition of the CRS, costs for the STS program will be included in the overall costs of the CRS once the transition is completed. Given the decrease in the costs, TD estimates a total of \$140,111 for the STS program in the 2003-2004 budget.

In addition to the CRS and the STS, the SB 244 budget includes expenses for a remote server observing program. This will become obsolete with the transition of the CRS structure. Expenses for the last three budget cycles were \$205 for the 2001 budget, \$20,105 for the January through June 2002 budget, and \$10,552 for the July 2002 – February 2003 budget months. TD estimates \$8,000 for remote server observing program in the 2003-2004 budget.

TD recommends total expenses of \$27,365,002 for SB 244 programs in the 2003-2004 budget.

Other Non-Administrative Expenses

As of April 22, 2003, the Commission had not approved Resolution T-16740, recommending the award of the contract to provide the personnel to operate and manage the DDTP to the CCAF at an annual cost of \$6,844,800. The 2003-2004 budget estimate for this contract includes a 25 percent advance payment to be paid out to the contractor on June 16, 2004 for the 2004-2005 budget year. The recommendations for personnel expenses are based on the assumption that the Commission will approve Resolution T-16740 and that DGS will approve the contract between the Commission and the CCAF. TD has divided the annual cost of this contract, \$6,844,800, amongst the non-Telco categories, in lieu of personnel costs.

Equipment Program

During the 2002-2003 budget year, the DDTP amended the contracts for the equipment distribution warehouse and distribution contract labor. The contracts expire on June 30, 2003. TD has requested that the current staff of the DDTP negotiate contract amendments prior to the June 30 expiration date to ensure

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appropriate budget estimation. At this time, the DDTP has not completed contract negotiations.

In September 2002, the DDTP negotiated a 10 percent rate increase for warehouse labor. While the 2002-2003 budget allocated \$850,000 for distribution contract labor, the DDTP had spent \$419,666 from July 2002 through February 2003, which is approximately 25 percent under budget. Based on the lower than anticipated expenses in July 2002 through February 2003 and a potential future increase in labor, TD estimates \$800,000 for distribution warehouse labor in the 2003-2004 budget. TD estimates \$200,000 for warehouse rent for the 2003-2004 budget, based on the last amended contract.

From July 2002 through February 2003, expenses for freight charges equaled \$523,567. Although the freight charges for the budget year thus far are slightly below what was budgeted, TD assumes that the cost of gasoline will continue to rise and estimates \$825,000 for freight charges.

Based on the proposed contract between the Commission and CCAF, TD estimates 2003-2004 contracted personnel expenses of \$351,851.

After including miscellaneous supplies such as mailing boxes and labels, TD recommends total expenses of \$2,246,651 for the equipment program in the 2002-2003 budget.

Field Operations

This budget category covers the expenses of the field operations including the seven walk-in centers. The current staff of the DDTP has leased space for a seventh walk-in center in Burbank and anticipates operations to begin in July 2003. This is the final planned walk-in center to be opened, marking the completion of the centralization project. Funding for the Burbank center was included in the 2002-2003 budget, but difficulties in locating a space and finalizing the lease caused delays. TD estimates that the opening of the Burbank center will have less than a ten percent impact on the non-personnel costs in this budget category.

TD reviewed the July 2003 through February 2003 expenses for the equipment category, determining costs to be currently under budget by 20 percent. TD recommends increases in this budget category due to annual lease increases, and telephone and office supplies costs for the new center. TD estimates that the non-personnel costs for the equipment category to be \$688,677.

Based on the proposed contract between the Commission and CCAF, TD estimates contractor personnel costs to be \$2,960,541.



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TD recommends \$3,649,218 for field operations expenses in the 2003-2004 budget.

Customer Contact

The customer contact budget category primarily covers the expenses for the call center. The current staff of the DDTP negotiated new rates for the call center service contract for 2003-2004. New to the contract rates is the elimination of the 100,000 minute per month guarantee. The cost per minute increased from \$4.60 to \$5.40. DDTP staff reasoned that despite the large increase in per minute cost, the new contract rates were advantageous to the DDTP. Statistics show that the program never used 100,000 minutes per month during the old contract. But because of the guarantee in the contract, the DDTP had to pay for 100,000 minutes equaling \$460,000 per month. The DDTP staff claimed that the program used an average of approximately 80,000 minutes per month; which equals \$432,000 per month. The DDTP staff contends that the new contract rates will save the program approximately \$336,000 annually.

TD reviewed the number of minutes invoiced to the DDTP from February 2002 through February 2003. The average number of minutes invoiced per month is 83,573. However, in January 2003, the DDTP implemented a marketing effort that targeted the call center. The number of minutes invoiced to the DDTP for the month of January 2003 was 179,378. By eliminating the highest invoice and the lowest invoice of 62,186 minutes in December 2002, TD calculated what it believes to be a more accurate average number of minutes: 76,807. Using this average, TD estimates the monthly cost of the call center contract charges during 2003-2004 to be approximately \$415,000. TD recommends \$5,000,000 for call center contract charges in the 2003-2004 budget.

The new call center contract also includes an increase in the project rate from \$16.25 to \$20 per hour. The DDTP staff estimated an additional \$90,000 per year for call center project costs. TD agrees with the estimates of the DDTP staff and recommends \$288,000 for call center project costs in the 2003-2004 budget.

In Resolution T-16663, TD recommended revisiting the requests for a new database and document management systems in the 2003-2004 budget resolution. The staff of the DDTP advised TD that the current database, Quantum, is outdated and limited in reporting capabilities. TD concurs with the assessment of Quantum. TD recommends that the Commission direct TD and the Information Management Services Division (IMSD) to work with the new contractor, CCAF, to research and develop a proposal for the procurement of a new centralization database and a document management system. TD estimates the time needed to perform the research on and develop a proposal for procurement of the database and document management system to be approximately nine months to one year. TD recommends that the Commission direct TD and IMSD to provide the procurement proposal to

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the Director of TD by December 1, 2003. TD recommends that actual procurement of the database and document management system take place in the budget year 2004-2005. In the interim, DDTP has contracted with Riptide Services to continue to provide maintenance and support for the current database at an annual cost of \$160,000. TD agrees with the estimates for the Riptide Services and recommends that \$160,000 be included in the 2003-2004 budget for database maintenance and support.

Based on the proposed contract between the Commission and CCAF, TD estimates the contracted personnel costs for the customer contact budget category to be \$255,958.

After including miscellaneous expenses for software and travel costs, TD recommends a total of \$5,716,758 for customer contact expenses in the 2003-2004 budget.

CRS

As described in the SB 244 discussion, the DDTP retained the services of HSO to oversee the procurement and implementation of the new CRS structure. In 2002-2003 TD estimated \$318,600 for the HSO contract in the CRS category, as set forth in the HSO contract amendment 1. Actual expenses exceeded estimates by 18 percent through February 2003. In February 2003, HSO proposed another amendment which added \$321,877 to the contract amount for 2003-2004. The contract amendment sets forth three remaining phases of the contract: Award, Implementation, Operational, Network Management Service (NMS) phase 2 Implementation, and NMS phase 2 Operational phases. The total contract costs for these phases are estimated at \$500,000. TD agrees with these additions and the estimate for the consultant fees.

The other major allocation in the CRS budget category is contracted personnel costs which, based on the proposed contract between the Commission and CCAF, TD estimates to be \$266,969 for the 2003-2004 budget.

After including costs for travel, TD recommends total expenses of \$774,869 for the CRS budget category in the 2003-2004 budget.

Marketing & Outreach

The DDTP's marketing plan for 2002-2003 focused on promoting the walk-in centers and the equipment program via the call center. In Resolution T-16663, TD stated concern that funds spent on promoting the DDTP were not providing results. The DDTP staff responded with two marketing efforts that produced significant results.

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First, the marketing staff held an October Statewide Celebration Day that promoted and increased awareness of the walk-in centers and the California Telephone Access Program (CTAP), and launched the opening of the Oakland walk-in center. The event featured an open house at each service center with free hearing test for customers and equipment demonstrations by DDTP customer advisors. Flyers were sent to residents in zip codes surrounding each of the six walk-in centers inviting them to attend.

Statistics on walk-in center visits in 2002 show an 86 percent increase from September (1,101) to October (2,054). Of those visiting the centers in October, 994 were new customers who went home with 1,930 units of equipment. While the total number of walk-in center visits per month in July through September and November through December hovered between 1,000 and 1,100; the number of new customers increased from an average of 448 per month during the three months before the October months to an average of 542 per month during the two months following the campaign. The units of equipment received by customers at the walk-in centers also increased from an average of 1,008 units per month in the three months before the October campaign to 1,185 units per month during the two months following the campaign.

A second marketing campaign in January showed even greater results. The campaign, lasting three weeks, focused on the CTAP and the call center. Newspaper ads, radio spots and posters in 720 bus shelters touting “free phones” invited interested parties to contact the call center or visit a walk-in center for more information. Since one of the goals of the campaign was to raise awareness of the CTAP, the DDTP performed a telephone survey in the Los Angeles and San Francisco areas prior to the three week campaign. Following the campaign, the DDTP surveyed the same areas to determine the effect of the campaign.

TD reviewed the statistics of the call center, walk-in centers and equipment distribution before and after the January campaign and concluded the campaign to be a success. The call center handled 42,806 calls in January 2003, an increase of more than 300 percent over the 13,728 calls handled in December 2002. The number of calls handled in February 2003 declined to 19,446, but remained higher than any other month in 2002 including October 2002 when the walk-in center campaign was held. The increase in the number of calls resulted in an increase in the number of potential new customers – program certification forms were sent to 20,397 interested individuals. In December 2002, the call center mailed out 2,199 certification forms – ten percent of those mailed in January. The results from the campaign decreased but remained higher than average in February 2003 with 5,768 certification forms mailed to potential new customers.

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As a result of the two successful campaigns, TD recommends three marketing campaigns during the 2003-2004 budget year. One campaign should focus on educating Californians on the new CRS structure. The other two campaigns should again focus on the CTAP and the walk-in centers.

TD reviewed the expenditures for the marketing materials budget from July 2002 through February 2003. As of February 2003, the marketing materials budget was under budget by 13 percent. DDTP marketing staff noted that the budget numbers as of February 2003 included 95% of the expenses for the January campaign. In addition to two marketing campaigns, the DDTP marketing staff has also produced two quarterly newsletters, and the DDTP annual report.

TD estimates that, based on expenditures as of February 2003, materials for three major campaigns in addition to daily marketing materials are approximately \$1,850,000. TD recommends expenses for marketing materials in 2003-2004 as set forth in Appendix B of this resolution.

Based on the proposed contract between the Commission and CCAF, TD estimates total contracted personnel costs for the 2003-2004 budget to be \$1,507,867. TD estimates other direct expenses at \$278,200. These expenses include costs for communication assistants, travel, vehicle leasing, supplies, and training. TD estimates total outreach costs to be \$1,786,067.

TD recommends \$3,636,067 (\$1,850,000 for materials and \$1,786,067 for outreach) for the marketing and outreach budget category in the 2003-2004 budget.

Administrative Expenses

Audits (formerly Trust Administration)

The administrative transition and transfer of DEAF Trust funds on July 1, 2003 impacts this budget category. The DEAF Trust will close on July 1, making trustee and financial advisor expenses no longer necessary. External legal expenses will also no longer be necessary. Expenses of \$200,000 for communication assistance used during meetings of the three advisory committees have been reallocated to the committee category. Consistent with the other public programs administered by the Commission, TD recommends \$700,000 for program and financial audits in the 2003-2004 budget.

Committee Expenses

A notification from the Department of Finance (DOF) <sup>4</sup> requires all State advisory bodies to limit their meetings to no more than one meeting for FY 2003-04. The

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<sup>4</sup> Budget Letter Number 03-02, dated January 29, 2003.

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Commission has not determined the extent to which the DOF will apply this policy to the committees of the DDTP. The estimates in this budget assume that DOF will approve the continuance of DDTP committee members meeting on at least a monthly basis in order to provide operational and policy-based advice to the Commission. The committee expenses category includes communication assistance, per diem, travel expenses, and miscellaneous meeting expenses for the Telecommunications Access for the Deaf and Disabled Administrative Committee (TADDAC), Equipment Program Advisory Committee (EPAC) and the CRS Advisory Committee (CRSAC). TD estimated expenses based on 13 meetings for the EPAC, 14 meetings for the CRSAC and 16 meetings for the TADDAC. These numbers include the annual joint meeting. TD recommends \$368,800 for committee expenses in the 2003-2004 budget, which includes \$200,000 for interpreters.

Office Administration

Based upon the proposed contract between the Commission and the CCAF, TD estimates \$1,501,613 for contracted personnel expenses in the office administration category.

TD reviewed office administration expenses for July 2002 through February 2003. Based upon historical trends and lease increases, TD estimates \$186,250 for administrative office expenses; \$502,000 for administrative facility expenses, and \$649,500 for departmental office expenses.

TD recommends \$2,337,363 for office administration in the 2003-2004 budget.

Other Program Expenses

Consistent with the four other public programs administered by the Telecommunications Division, TD estimates and recommends \$123,000 for Commission fiscal office staff, \$20,000 for public programs programming consultant, and \$30,000 for electronic storage of documents.

**NOTICE TO OTHER CARRIERS, ADVICE LETTER FILINGS, AND NOTICE OF AVAILABILITY**

In Resolution T-15558 (dated June 8, 1994), we waived the notice requirements of General Order (G.O.) 96-A, Section III.G.1 to furnish competing utilities either public or private with copies of related tariff sheets. We did so because it did not appear to be in the public's interest for each utility to send and receive over two hundred notices advising them of regulatory changes about which they already know. Since that time nothing has happened to change our opinion, so we will waive this notice requirement for tariff changes which comply with this resolution.

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The Telecommunications Division (TD) oversees the administration of several public programs. The surcharge rates for some of these programs will be revised effective July 1, 2003 based on the revised adopted FY 2003-04 budgets. For administrative efficiency, we will allow telecommunications utilities that are subject to the surcharges for these various programs to file concurrently revised tariff schedules in compliance with resolutions and decisions revising these surcharges for FY 2004-05 in accordance with the provisions of G.O. 96-A on or before June 14, 2003. These advice letters shall become effective July 1, 2003.

In the past, the Commission has served hard copies of resolutions on all telecommunications carriers and parties on the service list(s). To be consistent with the Commission's commitment to utilize the Internet for distributing Commission orders and information, the TD has informed the telecommunications carriers and those on the parties of record in I.87-11-031, R.00-05-001 and R.03-03-014 on the availability of the draft resolution as well as the conformed resolution, when adopted by the Commission, on the Commission website, [www.cpuc.ca.gov](http://www.cpuc.ca.gov). In addition, a hard copy of the conformed copy of this resolution will be provided to all parties of record in I.87-11-031, R.00-05-001 and R.03-03-014.

**COMMENTS**

In accordance with P.U. Code Section 311(g), TD mailed a copy of the original draft resolution on May 6, 2003 to the parties of record in I.87-11-031, R.00-05-001 and R.03-03-014. Comments must be received no later than May 21, 2003 (which is 15 days from the date of this mailing). Reply comments may be submitted on or before May 27, 2003 (6 days after opening comments are submitted) and shall be limited to identifying misrepresentations of law, fact, or condition of the record contained in the comments of other parties. Replies shall not exceed three pages in length and shall be submitted and served in the same manner as opening comments. Late-filed opening comments and/or reply comments will ordinarily be rejected. Comments received in a timely manner will be addressed in any final resolution.

**FINDINGS**

1. The Telecommunications Division estimate of \$56,302,982 for the 2003-2004 budget, as set forth in Column D of Appendix A, is reasonable for the Deaf and Disabled Telecommunications Program and should be adopted.
2. A surcharge rate of 0.03%, effective July 1, 2003, is reasonable and should be adopted and remain in effect until further revised by the Commission.
3. The telecommunications carriers are not required to notice competing utilities for tariff changes that comply with this decision.

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4. The Telecommunications Division (TD) oversees the administration of several public programs. The surcharge rates for some of these programs will be revised effective July 1, 2003 based on the adopted 2003-2004 budgets. To maximize administrative efficiency, TD will allow telecommunications utilities that are subject to the surcharges for these various programs to file simultaneously revised tariff schedules in compliance with resolutions and decisions revising these surcharges for FY 2002-03 in accordance with the provisions of G.O. 96-A on or before June 14, 2003. These advice letters shall become effective July 1, 2003.
5. All certificated telecommunications carriers required to file tariffs with the Commission should file advice letters by June 14, 2003 revising the surcharge rate consistent with this Resolution.
6. It is reasonable to require the Telecommunications Division and Information Management Services Division to work with the proposed Deaf and Disabled Telecommunications Program service contractor, the California Communications Access Foundation, to research and develop a proposal for the procurement of a new centralization database and document management system and to submit the proposal to the Director of the Telecommunications Division no later than December 1, 2003.
7. It is reasonable to require that the Telecommunications Division delay actual procurement of the centralization database and document management system until July 1, 2004.
8. It is reasonable to include allocations of \$1.85 million in the marketing materials category, as set forth in Column D of Appendix B of this resolution, for a total of three marketing campaigns for the Deaf and Disabled Telecommunications Program.
9. The Telecommunications Division's recommendations are reasonable and should be adopted.

**THEREFORE, IT IS ORDERED that:**

1. The 2003-2004 budget for the Deaf and Disabled Telecommunications Program shall be \$56,302,982, as set forth in Column D of Appendix A of this resolution.
2. The current surcharge rate of 0.30% shall be decreased to 0.03%, effective July 1, 2003 and remain in effect until further revised by the Commission.

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3. All certificated telecommunications carriers in California shall apply this surcharge rate on their end-users' bills rendered on or after July 1, 2003 for intrastate services.
4. To maximize administrative efficiency, TD will allow telecommunications utilities that are subject to the surcharges for these various programs to file simultaneously revised tariff schedules in compliance with resolutions and decisions revising these surcharges for FY 2002-03 in accordance with the provisions of G.O. 96-A on or before June 14, 2003. These advice letters shall become effective July 1, 2003.
5. All certificated telecommunications carriers required to file tariffs with the Commission shall file advice letters by June 14, 2003 revising the CHCF-B surcharge rate to 0.03% to take effect on July 1, 2003. Telecommunications carriers are not required to inform competing carriers of tariff changes which comply with this resolution.
6. The Telecommunications Division and the Information Management Services Division shall work with the proposed Deaf and Disabled Telecommunications Program contractor, the California Communications Access Foundation, to research and develop a proposal for the procurement of a new centralization database and document management system and to submit the proposal to the Director of the Telecommunications Division no later than December 1, 2003.
7. The Telecommunications Division shall delay the actual procurement of the new centralization database and document management system until July 1, 2004.
8. The budget for three Deaf and Disabled Telecommunications Program marketing campaigns shall be \$1,850,000 as set forth in Column D of Appendix B of this resolution.
9. The Telecommunications Division's recommendations set forth in this resolution are adopted.
10. The Executive Director shall serve hard copies of the conformed Resolution to all parties of record in Investigation 87-11-031, Ruling 00-05-001, and Ruling 03-03-014.



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This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on June 5, 2003. The following Commissioners adopted it:

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WILLIAM R. AHERN  
Executive Director

Resolution T-16747  
Deaf and Disabled Telecommunications Program  
2003 – 2004 Budget – TD/khy

June 5, 2003

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**APPENDIX A**  
**Budget for Services Provided to the**  
**Deaf and Disabled Telecommunications Program**  
**2003-2004**

	<b>A</b> <b>adopted</b> <b>2002-2003</b> <b>budget</b>	<b>B</b> <b>Augmented</b> <b>2002-2003</b> <b>budget</b>	<b>C</b> <b>Outlook</b> <b>2002-2003</b> <b>budget</b>	<b>D</b> <b>adopted</b> <b>2003-2004</b> <b>budget</b>
<b>Projected Funds Transferred to State Treasury on 7/1/03</b>				<b>\$45,112,000</b>
<b>Billing Base</b>	<b>\$17,750,000,000</b>	<b>\$17,750,000,000</b>	<b>\$19,017,199,000</b>	<b>\$19,845,588,000</b>
<b>Surcharge Rate</b>	<b>0.300%</b>	<b>0.300%</b>	<b>0.300%</b>	<b>0.030%</b>
<b>REVENUE</b>				
<b>Surcharges</b>	\$58,575,000	\$58,575,000	\$79,727,205	\$5,953,676
<b>Toll Revenues</b>				
<b>Investment Income</b>			\$497,171	
<b>Miscellaneous (02-03 Surcharge Receivables)</b>			\$37,998	\$9,508,600
<b>CRS Damage Assessments</b>			\$340	
<b>Interest Income</b>			\$0	\$570,000
<b>TOTAL REVENUE</b>	<b>\$58,575,000</b>	<b>\$58,575,000</b>	<b>\$80,262,713</b>	<b>\$16,032,276</b>
<b>PROGRAM EXPENSES</b>				
<b>TELECOM EXPENSES</b>				
<b>S.B. 597<sup>1</sup></b>	\$2,042,800	\$2,042,800	\$1,421,877	\$1,945,500
<b>S.B. 60<sup>1</sup></b>	\$7,434,600	\$7,434,600	\$6,269,428	\$7,389,754
<b>S.B. 244<sup>1</sup></b>	\$27,952,800	\$27,952,800	\$25,057,832	\$27,365,002
<b>Total Telecom Expenses</b>	<b>\$37,430,200</b>	<b>\$37,430,200</b>	<b>\$32,749,137</b>	<b>\$36,700,256</b>
<b>ADMIN / DEPT EXPENSES</b>				
<b>Interpreters<sup>2</sup></b>	\$180,600	\$185,600	\$206,507	\$200,000
<b>Audit/Accounting<sup>2</sup></b>	\$390,000	\$500,000	\$159,320	\$700,000
<b>Legal<sup>2</sup></b>	\$70,000	\$70,000	\$7,950	\$0
<b>Consultants<sup>2</sup></b>	\$60,000	\$160,000	\$105,000	\$0
<b>Financial Advisor<sup>2</sup></b>	\$18,000	\$18,000	\$0	\$0
<b>Trustee<sup>2</sup></b>	\$37,000	\$37,000	\$74,707	\$0
<b>DDTP Office Expense<sup>2,3</sup></b>	\$1,910,400	\$2,442,741	\$2,295,733	\$2,337,363
<b>Committees<sup>2</sup></b>	\$161,800	\$161,800	\$185,167	\$168,800
<b>Equipment Program<sup>4,5</sup></b>	\$2,230,700	\$2,358,220	\$2,114,989	\$2,246,651
<b>Field Operations<sup>4</sup></b>	\$2,878,200	\$4,064,929	\$3,841,620	\$3,649,218
<b>Customer Contact<sup>4,6</sup></b>	\$6,458,300	\$6,550,086	\$7,077,046	\$5,716,758
<b>CRS<sup>4</sup></b>	\$502,500	\$598,045	\$595,773	\$774,869
<b>Outreach Media &amp; Materials<sup>4</sup></b>	\$1,753,000	\$1,753,000	\$1,561,827	\$1,850,000
<b>Outreach Specialists<sup>4</sup></b>	\$1,377,900	\$1,970,679	\$1,770,898	\$1,786,067
<b>Other Program Expenses</b>		\$250,000	\$250,000	\$173,000
<b>Total Admin / Dept Expenses</b>	<b>\$18,028,400</b>	<b>\$21,120,100</b>	<b>\$20,246,536</b>	<b>\$19,602,726</b>
<b>TOTAL EXPENSES</b>	<b>\$55,458,600</b>	<b>\$58,550,300</b>	<b>\$52,995,673</b>	<b>\$56,302,982</b>
<b>Fund Balance as of June 30</b>				<b>\$4,841,294</b>

<sup>1</sup> Item amounts are pre-allocated and pre-apportioned. See attached Views 1 - 2.

<sup>2</sup> Items will be 100% reallocated to General Administration. See attached Views 1 - 2

<sup>3</sup> Includes apportionable administrative expenses. See attached View 1.

<sup>4</sup> Items will be reallocated to SB 597, SB 60 and SB 244. See attached Views 1 - 2

<sup>5</sup> Items include Commission Fiscal Office Staff costs, programming consultant and electronic storage of documents. Administration.

Items will be 100% reallocated to General

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**VIEW 1: View Before Allocations and Apportionments**

**Budget for Services Provided  
to the Deaf and Disabled Telecommunications Program  
2003-2004**

	<b>D adopted 2003-2004 budget</b>
<b>Beginning Fund Balance</b>	<u>45,112,000</u>
<b>REVENUE</b>	
<b>Surcharges</b>	5,953,676
<b>Toll Revenues</b>	0
<b>Investment Income</b>	0
<b>Miscellaneous Income</b>	9,508,600
<b>CRS Damage Assessments</b>	0
<b>Interest Income</b>	<u>570,000</u>
<b>Total Revenue</b>	<b>16,032,276</b>
<b>DISBURSEMENTS</b>	
<b>S.B. 597<sup>1</sup></b>	1,945,500
<b>S.B. 60<sup>1</sup></b>	7,389,754
<b>S.B. 244<sup>1</sup></b>	27,365,002
<b>Total Program Disbursements</b>	<b>36,700,256</b>
<b>Equipment Program</b>	2,246,651
<b>Field Operations</b>	3,649,218
<b>Customer Contact</b>	5,716,758
<b>CRS</b>	774,869
<b>Marketing &amp; Outreach</b>	3,636,067
<b>Administration</b>	2,929,663
<b>Shared Expenses</b>	649,500
<b>Total Disbursements</b>	<b>56,302,982</b>

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**VIEW 2(a): View After Apportionments**

**Budget for Services Provided  
to the Deaf and Disabled Telecommunications Program  
2003-2004**

	<b>D adopted 2003-2004 budget</b>
<b>Beginning Fund Balance</b>	<u>45,112,000</u>
<b>REVENUE</b>	
Surcharges	5,953,676
Toll Revenues	0
Investment Income	0
Miscellaneous Income	9,508,600
CRS Damage Assessments	0
Interest Income	<u>570,000</u>
<b>Total Revenue</b>	<b>16,032,276</b>
<b>DISBURSEMENTS</b>	
S.B. 597 <sup>1</sup>	1,945,500
S.B. 60 <sup>1</sup>	7,389,754
S.B. 244 <sup>1</sup>	<u>27,365,002</u>
<b>Total Program Disbursements</b>	<b>36,700,256</b>
Equipment Program	2,313,550
Field Operations	3,716,117
Customer Contact	5,783,657
CRS	819,685
Marketing & Outreach	3,702,966
Administration	3,266,754
<b>Total Disbursements</b>	<b>56,302,982</b>

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**VIEW 2(b): View After Apportionments and Allocations**

**Budget for Services Provided  
to the Deaf and Disabled Telecommunications Program  
2003-2004**

	<b>D adopted 2003-2004 budget</b>
<b>Beginning Fund Balance</b>	<b>45,112,000</b>
<b>REVENUE</b>	
Surcharges	5,953,676
Toll Revenues	0
Investment Income	0
Miscellaneous Income	9,508,600
CRS Damage Assessments	0
Interest Income	570,000
<b>Total Revenue</b>	<b>16,032,276</b>
<b>DISBURSEMENTS</b>	
S.B. 597 <sup>1</sup>	3,867,425
S.B. 60 <sup>1</sup>	19,688,079
S.B. 244 <sup>1</sup>	29,480,724
<b>Total Program Disbursements</b>	<b>53,036,229</b>
<b>Equipment Program</b>	<b>0</b>
<b>Field Operations</b>	<b>0</b>
<b>Customer Contact</b>	<b>0</b>
<b>CRS</b>	<b>0</b>
<b>Marketing &amp; Outreach</b>	<b>0</b>
<b>Administration</b>	<b>3,266,754</b>
<b>Total Disbursements</b>	<b>56,302,982</b>

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**APPENDIX B**

**Marketing Materials Budget for the  
Deaf and Disabled Telecommunications Program  
2003-2004**

<b>Budget Item</b>	<b>A Approved 2002-2003 Expenses</b>	<b>B July 2002 – March 2003 Expenditures</b>	<b>C Outlook 2002 – 2003 Budget</b>	<b>D Recommended 2003-2004 Expenditures</b>
Outreach Media Print	275,000	446,366	595,155	475,000
Outreach Radio	50,000	164,582	219,443	225,000
Outreach TV - budget rollforward	105,000	0	0	0
Outreach Mail Processing	375,000	192,975	257,300	375,000
Outreach Materials Brochures	375,000	201,954	269,272	375,000
Outreach Materials Newsletter	80,000	-8,645	-11,527	75,000
Outreach Video	30,000	0	0	0
Outreach Web Maintenance	30,000	0	0	0
Outreach Booth Displays	20,000	1,779	2,372	0
Outreach Events	46,000	16,499	21,999	100,000
Outreach Development	20,000	21,691	28,921	25,000
Outreach Agency Commission	10,000	0	0	0
Outreach Promotional Materials	100,000	41,322	55,096	50,000
Outreach Courier	2,000	3,717	4,956	5,000
Outreach Direct Postage Campaigns	75,000	0	0	0
Postage	0	2,839	3,785	5,000
Outreach Printing	0	5,291	7,055	10,000
Outreach Equipment Catalog	90,000	80	75,000	75,000
Outreach Customer Survey	30,000	6,000	8,000	30,000
Annual Report	35,000	25,000	25,000	25,000
Other	5,000	0	0	0
	<b>1,753,000</b>	<b>1,121,450</b>	<b>1,561,827</b>	<b>1,850,000</b>